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| **SESSION** | **july-august 2024** |
| **PROGRAM** | **BACHELOR of COMMERCE (B.COM)** |
| **SEMESTER** | **V** |
| **course CODE & NAME** | **DCM3105 International trade and finance** |
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**Set – 1**

**1. Interpret how the Most Favored Nation (MFN) clause ensures fairness in international trade.**

**Ans 1.**

**How the Most Favored Nation (MFN) Clause Ensures Fairness in International Trade**

The Most Favored Nation (MFN) clause is a fundamental principle of the World Trade Organization (WTO) that plays a crucial role in ensuring fairness in international trade. It mandates that any favorable trading conditions granted by a country to one trading partner must be extended to all other WTO members. This principle ensures a level playing field, fostering equality and non-discrimination among nations engaged in trade.

**Promoting Equality Among Nations**

The MFN clause ensures that no nation is disadvantaged in trade agreements. For example, if

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**2. Explain the different modes of entry in international trade.**

**Ans 2.**

**Different Modes of Entry in International Trade**

Entering international trade involves several strategies that businesses and nations use to access foreign markets. These modes of entry vary in complexity, investment, and risk, depending on the nature of the business and the target market. Below are the main modes of entry in international trade.

**Exporting**

Exporting is one of the simplest and most common modes of entry into international trade. It

**3. Describe the key principles of comparative costs and their relevance in the global economy.**

**Ans 3.**

**Key Principles of Comparative Costs and Their Relevance in the Global Economy**

The principle of comparative costs, also known as comparative advantage, is a cornerstone of international trade theory. Developed by economist David Ricardo in the early 19th century, it explains how countries benefit from specialization and trade by focusing on producing goods and services for which they have a relative efficiency advantage. This principle

**Set – 2**

**4. Differentiate between the balance of payments and the balance of trade.**

**Ans 4.**

**Differences Between Balance of Payments and Balance of Trade**

The **balance of payments (BOP)** and **balance of trade (BOT)** are critical indicators of a country’s economic performance in the global arena. While both involve the recording of international economic transactions, they differ in scope, composition, and purpose.

**Definition and Scope**

The balance of payments is a comprehensive statement that records all economic transactions

**5. Discuss in detail the Global Markets.**

**Ans 5.**

**Global Markets: An Overview**

Global markets represent the interconnected economic systems where goods, services, capital, and financial instruments are exchanged across international borders. These markets facilitate economic integration and provide opportunities for countries and businesses to participate in global trade, investment, and financial activities. The concept of global markets has evolved significantly with advancements in technology, communication, and

**6. Elaborate on five major international stock exchanges.**

**Ans 6.**

**Five Major International Stock Exchanges**

Stock exchanges are pivotal components of global financial markets, providing platforms for trading securities like stocks, bonds, and derivatives. These exchanges serve as barometers of economic health, reflecting investor sentiment and economic trends. Among the numerous stock exchanges worldwide, five stand out for their size, influence, and contribution to the global economy.

**New York Stock Exchange (NYSE)**

The New York Stock Exchange, located on Wall Street in New York City, is the largest stock